



**ASSOCIATION of
GOVERNMENTS**

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Tribal Government Representative: Andrew Masiel Sr., Pechanga Band of Luiseno Indians

Ventura County: Linda Parks, Ventura County • Glen Becerra, Simi Valley • Carl Morehouse, San Buenaventura • Toni Young, Port Hueneme

Orange County Transportation Authority: Art Brown, Buena Park

Riverside County Transportation Commission: Robin Lowe, Hemet

Ventura County Transportation Commission: Keith Millhouse, Moorpark

MEETING OF THE

EXECUTIVE COMMITTEE

PLEASE NOTE NEW DATE AND TIME

Wednesday, October 3, 2007

3:45 p.m. – 5:15 p.m.

Via Teleconference

SCAG Offices

818 West 7th Street, 12th Floor

Conference Room San Bernardino

Los Angeles, CA 90017

213.236.1800

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Shelia Stewart at 213.236.1868 or stewart@scag.ca.gov

Agendas and Minutes for the Executive Committee are also available at:

www.scag.ca.gov/committees/ec.htm

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. If you require such assistance, please contact SCAG at (213) 236-1868 at least 72 hours in advance of the meeting to enable SCAG to make reasonable arrangements. To request documents related to this document in an alternative format, please contact (213) 236-1868.

Southern California Association of Governments Executive Committee Roster

October 2007

Hon. Gary Ovitt, San Bernardino County,	President
Hon. Richard Dixon, Lake Forest	1 st Vice President
Hon. Harry Baldwin, San Gabriel	2 nd Vice President
Hon. Yvonne B. Burke, L.A. County	Immediate Past President
Hon. Jon Edney, El Centro	Chair, CEHD
Hon. Debbie Cook, Huntington Beach	Chair, EEC
Hon. Ron Loveridge, Riverside	Chair, Administration
Hon. Alan Wapner, Ontario	Chair, TCC

EXECUTIVE COMMITTEE

AGENDA

PAGE #

TIME

“Any item listed on the agenda (action or information) may be acted upon at the discretion of the Committee.”

1.0 CALL TO ORDER

**Hon. Gary
Ovitt, Chair**

2.0 PUBLIC COMMENT PERIOD

3.0 DISCUSSION/ACTION ITEMS

3.1 Discussion/Approval Items

**3.1 Minutes of August 30, 2007
Meeting Attachment**

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3.2 Air Quality Report

- EEC Strategy Paper
Attachment

6

- ARB, SCAQMD, SCAG
Agreement on South
Coast AQMP

**3.3 Merit Pay Program
Attachment**

**Debbie Dillon
HR**

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**3.4 Staff Support to Policy
Committee Chairs
Attachment**

**Jim Gosnell,
Deputy Executive
Director**

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3.5 TCIF Project Review

**Hasan Ikhata
Director, Planning
& Policy**

**3.6 Proposed SCAG Legislative
Committee Attachment**

**Sylvia Patsaouras
Acting Director
Gov Affairs**

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EXECUTIVE COMMITTEE

AGENDA

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TIME

4.0 **PRESIDENT'S REPORT**

4.1 Appointments

5.0 **EXECUTIVE DIRECTOR'S REPORT**

6.0 **CLOSED SESSION ITEMS**

6.1 Public Employee Performance Evaluation
(Government §54957) Title: Executive Director

6.2 Conference with Legal Counsel - Existing Litigation
(Government Code Section 54956.9(a))
City of La Mirada v. SCAG; City of Irvine v. SCAG;
and City of Palmdale v. SCAG

7.0 **ADJOURNMENT**

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
EXECUTIVE COMMITTEE
August 30, 2007**

MINUTES

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE EXECUTIVE COMMITTEE. AUDIO CASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

The Executive Committee of the Southern California Association of Governments held its meeting at SCAG offices in downtown Los Angeles. There was a quorum.

Committee Members Present

Supervisor Gary Ovitt	President
Supervisor Yvonne Burke	Immediate Past President
Councilmember Richard Dixon	1 st Vice President
Councilmember Harry Baldwin	2 nd Vice President
Councilmember Debbie Cook	Chair, EEC
Councilmember Jon Edney	Chair, CEHD
Councilmember Alan Wapner	Chair, TCC

Committee Member Absent

Mayor Ron Loveridge	Chair, Administration
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Staff Present

Jim Gosnell, Deputy Executive Director
Wayne Moore, Chief Financial Officer
Hasan Ikhata, Director, Planning & Policy
Keith Killough, Director, Information Services
Joann Africa, Interim Chief Counsel
Colin Lennard, General Counsel
Sylvia Patsaouras, Acting Director, Gov Affairs
Rhonda Lawrence, Human Resources
Judy Owens, Sr. Administrative Assistant
Shelia Stewart, Executive Assistant

1.0 CALL TO ORDER

The meeting was called to order by President Ovitt.

2.0 PUBLIC COMMENT PERIOD

There were no comments.

3.0 DISCUSSION/ACTION ITEMS

3.1 Approval Items

Item 3.1.9 and 3.10 were pulled. Motion was made (Baldwin) to approve the remaining consent calendar. Motion was seconded (Edney) and UNANIMOUSLY APPROVED.

3.1.1 Minutes of August 2, 2007 Meeting

3.1.2 Government & Public Affairs Classification Study Results

3.1.3 Contracts over \$250,000

3.1.4 FY 2008-2009 Comprehensive Budget Development Schedule

3.1.5 RCP Sustainability Conference

3.1.6 Sponsorship of the 2008 Faster Freight/Cleaner Air Conference

3.1.7 Contract Manual Amendment

3.1.8 Implementation regarding GASB Irrevocable Trust

3.2 Receive & File

3.2.1 Contracts/Purchase and MOUs
Between \$5,000 - \$250,000

Pulled

3.1.9 Public Participation Plan Amendment No. 1

Joann Africa, Interim Chief Counsel, reported that the TCC approved the public participation plan with a condition that comments received by FHWA be addressed. The item will be brought next month for consideration.

3.10 Legislative Update

Jeff Dunn, Government Affairs, gave a brief status report on pending legislation. SB 375 (Steinberg) has become a two-year bill and will be considered next year. A full report will be presented to the CEHD next month. In addition an update on SB 974 (Lowenthal) was also presented.

4.0 DISCUSSION/ACTION ITEMS

4.1 Discussion/Approval Items

4.1.1 SCAG /Board Consultant Staff for the President/Executive Committee

The Executive Committee discussed providing assistance to the President/Executive Committee. After a lengthy discussion, a motion was made (Edney) authorizing a pilot program giving the President the authority to hire a staff person, that would provide assistance on a part time basis on SCAG matters. It was also recommended that \$35,000 be allocated to cover the position. Motion seconded by (Dixon) and UNANIMOUSLY APPROVED. Councilmember Edney also recommended that staff review the SCAQMD structure and provide a recommendation for an assistant for incoming Presidents. There were no objections.

In addition there was discussion regarding staff assistance being provided for the chairs of the policy committees. Jim Gosnell was asked to report back with a set of recommendations at the next meeting.

4.1.2 Investment Subcommittee Report

Wayne Moore, CFO, reported that the Administration Committee re-activated the Investment Subcommittee. The investment subcommittee recommended approving an agreement to set up an irrevocable trust for health care benefits for retirees. He stated that the Administration Committee previously approved the Agreement.

In addition the committee recommended amending the statement of investment policy to incorporate the following changes into the policy manual: 1) Title change for specific staff; 2) Language identifying investment types per the California Government Code, 3) Add the irrevocable trust for health care benefits; and 4) Authorize staff to adjust the supplemental pension benefits.

Motion was made (Wapner) to approve and incorporate the above changes into the policy manual. Motion was seconded (Baldwin) and UNANIMOUSLY APPROVED.

4.1.3 Merit Pay Program

The merit pay program will be considered at the September 20, 2007 meeting.

Discussion/Approval Items – Cont'd

4.1.4 Update on Executive Search

Heather Reuschler, Ralph Anderson & Associates, distributed a draft brochure for the position of Executive Director. After members of the committee reviewed and discussed the draft brochure, a motion was made (Edney) to approve the release of the brochure. Motion was seconded (Wapner) and UNANIMOUSLY APPROVED.

5.0 PRESIDENT'S REPORT

5.1 Appointments

Administration Committee

Hon. Toni Young, Port Hueneme, representing VCOG

Subregional Representatives to Policy Committees

From SANBAG	To CEHD:	Hon. Kelly Chastain, Colton
	To EEC:	Hon. Jon Harrison, Redlands
		Hon. Penny Lilburn, Highland
	To TCC:	Hon. Mark Nuaimi, Fontana

The Force for Change

Hon. Debbie Cook, Huntington Beach
Hon. Lee Ann Garcia, Grand Terrace

Benchmarks Task Force

Barry Engelberg, OCTA
Lamont "Monty" Hempel, University of Redlands
Anastasia Loukaitou-Sideris, UCLA

5.2 Announcement

President Ovitt announced that the press conference held on Wednesday, August 8, 2007, with Senator Boxer was very successful. He noted that a senate hearing on air quality issues will be held in the Inland Empire on Thursday, October 11, 2007

5.3 Bottled Water

Supervisor Ovitt reported that after discussing the bottled water issue, it was agreed to place a water machine in each committee conference room. There were no objections.

6.0 EXECUTIVE DIRECTOR'S REPORT

- 6.1 The Executive Director's report was distributed to the EC. Hasan Ikhata, Director, Planning & Policy, presented information on the Goods Movement Bond projects.

In addition it was reported that there may be a need to have an additional meeting for purposes of discussing the status of the TCIF projects review. The committee agreed meeting on September 11th, if needed.

Mr. Gosnell announced that the recruitment for Chief Legal Counsel has been completed. Joe Burton was selected to serve in this capacity. Mr. Burton previously served as Chief Counsel for the Alameda Corridor Transportation Authority.

7.0 CLOSED SESSION ITEMS

Motion was made (Baldwin) to enter into closed session. Motion was seconded (Edney) and UNANIMOUSLY APPROVED.

- 7.1 Conference with Legal Counsel - Existing Litigation
(Government Code Section 54956.9(a))
City of La Mirada v. SCAG; City of Irvine v. SCAG

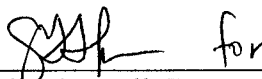
The General Counsel and Legal staff updated the Executive Committee regarding the status of the litigation related to the RHNA. No final action was taken.

- 7.2 Public Employee Performance Evaluation
(Government §54957) Title: Executive Director

The Executive Committee reviewed the performance evaluation of the Executive Director. No final action was taken.

8.0 ADJOURNMENT

There being no further business the Executive Committee adjourned at 2:30 p.m. The next meeting is scheduled for Thursday, September 30, 2007.

 for

Jim Gosnell, Deputy Executive
Director

MEMO

DATE: October 4, 2007

TO: Executive Committee

FROM: Jonathan Nadler, Program Manager, (213) 236-1884; nadler@scag.ca.gov

SUBJECT: Draft Concept Paper: Emission Reductions from Goods Movement Sources

BACKGROUND:

As part of the on-going efforts to develop strategies to address emissions associated with goods movement activities, staff has developed a Concept Paper which explores the use of a pricing/market/incentive based approach to achieving emission reductions. Based on the outcome of the September 27, 2007 Air Resources Board Hearing on the Ozone and PM2.5 State Implementation Plan for the South Coast Air Basin, staff will reevaluate the necessity to further explore the concepts identified in the Concept Paper. A general overview of the issue and control approach is presented below.

CONCEPT PAPER OVERVIEW:

The federal Clean Air Act sets forth national ambient air quality standards (NAAQS) for specific criteria pollutants, including ozone and PM2.5 (particulate matter smaller than 2.5 microns). As clearly demonstrated by the current Air Quality Management Plan (AQMP) and State Implementation Plan (SIP) planning efforts, there are extreme challenges to demonstrating attainment of these standards and consideration of a new approach to air quality planning is needed.

The emission sources of PM2.5 and its precursors are primarily goods movement and construction equipment. A substantial portion of emissions contributing to ozone are also from these sources. A major part of the challenge in developing a credible attainment strategy is that the emissions from goods movement sources are primarily under the jurisdiction of federal and/or state agencies and local governments have limited authority to regulate them. An additional challenge is the tremendous growth in international and domestic trade and the emissions associated with this growth. If we do not develop a creditable emissions control plan that includes aggressive control of goods movement sources, however, the significant adverse health impacts will continue and be further exacerbated, and the provisions of the Clean Air Act can and will stop implementation of needed access capacity programs.

The region is currently relying on federal and state control measures that are largely based on national and statewide considerations and schedules. Using this approach, attaining the annual PM2.5 standard by 2014 will be a daunting challenge, and air quality plans have not identified all emission measures needed to attain the 24-hour PM2.5 standard by the 2019 deadline, or the 8-hour ozone standard by the 2023 deadline. The implications of failure are extraordinary given the health impacts of these pollutants, especially PM2.5.

The federal Clean Air Act provides additional approaches that could enable a region to resolve a challenge of this magnitude and significance. The federal statute authorizes states and regions to use fees and other market mechanisms. Properly defined, these approaches could act as incentives to implement the transformational programs and initiatives that will be needed to generate the required emission reductions.

MEMO

The strategy would set emission reduction targets for all sources of the freight movement systems and use a pricing structure to incentivize the reductions. For example, airplane landing or ship docking fees could be based on emission levels which would incentivize the use of cleaner engines. The fees would then be used to obtain emission reductions from these or, potentially, other sources. The expectation is that this strategy would expedite the use of advance technologies in the near-term and ultimately modify or replace the existing diesel-powered goods movement systems in the longer-term.

The program would be designed to complement other air quality programs, and would augment and work in concert with programs being developed by the ports and the state legislature. The program could be implemented by the AQMD, ARB or other entities determined through the development process.

SCAG is willing to work with AQMD on developing pricing/market/incentive mechanisms for goods movement sources (i.e., ships, trains, trucks, and aircraft) through issue papers released for public review and comment. Based on the public vetting of this approach to emission control and infrastructure improvement, the mechanism could potentially be developed as a transportation measure similar to the proposed goods movement control measures and included as part of the 2007 Regional Transportation Plan. If approved by the Regional Council, these measures could be presented to AQMD and ARB for incorporation into the SIP.

FISCAL IMPACT:

Staff support for air quality planning and policy is covered under the Air Quality and Conformity staff work elements included in the current year overall work program (08-025.SCGS1 and 08-020.SCGS1).

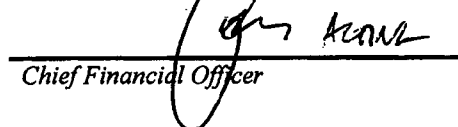
Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer

Draft Concept Paper
PM2.5/Ozone Attainment Strategy

The federal Clean Air Act sets forth national ambient air quality standards (NAAQS) for specific criteria pollutants, including ozone and PM2.5 (particulate matter smaller than 2.5 microns). As clearly demonstrated by the current Air Quality Management Plan (AQMP) and State Implementation Plan (SIP) planning efforts, there are extreme challenges to demonstrating attainment of these standards and consideration of a new approach to air quality planning is needed.

PM2.5 and Ozone Emission Inventories

In regard to PM2.5, which has been linked to over 5,000 premature deaths per year in the South Coast Air Basin, the SIP as currently constituted falls short of the necessary reductions of NOx (a precursor to PM2.5) by approximately 63 tons per day. The attainment date for the annual PM2.5 standard is a short seven years away and there is no provision in the Clean Air Act that allows for undefined measures (e.g., “black box” measures).

	PM2.5 Inventory (Annual Average; Tons/Day)			
	NOx	VOC	SOx	PM2.5
Year 2008 Baseline	854	608	41	102
Year 2014 Baseline	654	528	43	102
Needed Reductions from 2014 Baseline	192 (29%)	59 (11%)	24 (56%)	14 (14%)

In addition, the recently promulgated 24-hour PM2.5 standard, with estimated SIP submittal and attainment dates of 2012 and 2019, respectively, will require substantially greater reductions than the annual standard; in fact, the reductions will be greater than that needed for the ozone standard in 2023.

In regard to ozone, the AQMP cannot at this time define how to achieve approximately 180 tons per day of NOx necessary to demonstrate attainment by 2023. Further, the U.S. EPA is currently reviewing and may tighten the ozone standard possibly necessitating substantially greater reductions.

	Ozone Inventory (Summer Planning; Tons/Day)	
	NOx	VOC
Year 2008 Baseline	853	644
Year 2023 Baseline	506	536
Needed Reductions from 2023 Baseline	383 (76%)	116 (22%)

Emissions Sources

The emission sources of PM2.5 and its precursors are primarily goods movement and construction equipment. A substantial portion of emissions contributing to ozone are also from these sources. A major part of the challenge in developing a credible attainment strategy is that the emissions from goods movement sources are primarily under the jurisdiction of federal and state agencies and local governments have limited authority to regulate them. An additional challenge is the tremendous growth in international and

domestic trade and the emissions associated with this growth. If we do not develop a creditable emissions control plan that includes aggressive control of goods movement sources, however, the significant adverse health impacts will continue and be further exacerbated, and the provisions of the Clean Air Act can and will stop implementation of needed access capacity programs.

Emissions from sources associated with the ports - marine vessels, harbor craft, cargo handling equipment, locomotives, and trucks - have historically been regulated primarily by international, federal or state authorities. The International Maritime Organization (IMO), an agency of the United Nations, has established NOx emissions limitations and fuel sulfur specifications for oceangoing vessels; the federal Environmental Protection Agency (EPA) has adopted emission standards for new locomotives, new trucks and some vessels; and the California Air Resources Board (ARB) has adopted standards for new trucks and recently voted to adopt standards for cargo handling equipment and marine auxiliary engine fuels. Neither federal nor international law explicitly require EPA or IMO regulations to be sufficiently stringent to meet the needs of a particularly polluted region such as South Coast, and the rules adopted by those bodies have not met those needs.

Program Development Strategy

The region has adopted a proposed SIP for PM2.5 for 2014. The South Coast Air Quality Management District (AQMD) is requesting that ARB develop strategies that would make up approximately 63 tons per day of needed NOx reductions. There are ongoing negotiations to determine the possibility of these proposed strategies. Even if ARB includes control strategies in the SIP to cover the shortfall, there is considerable challenge to adopt and implement some of the proposed measures and achieve the necessary reductions, especially from the legacy fleet of older, higher polluting on- and non-road diesel engines.

The AQMD has also developed an ozone attainment plan which relies on a NOx control strategy with a “bump-up” to the year 2023 and a black box, i.e., unspecified control measure to conceptually show attainment. The existing adoption strategies of these plans make evident the difficulty in demonstrating how the region can attain the PM2.5 standard in 2014 and the ozone standard in 2023. The current planning cycle does not address the 24-hour PM2.5 standard, but it is apparent that the region is woefully short of identifying reductions to attain this standard by 2019. The status-quo adoption strategy that relies on inter-governmental assignment of responsibility will not start the transformative program that is needed; delays in starting such a process severely undermines the potential for success.

The region is currently relying on federal and state measures that are largely based on national and statewide considerations and schedules. Using this approach, attaining the annual PM2.5 standard by 2014 will be a daunting challenge, and air quality plans have not identified all emission measures needed to attain the 24-hour PM 2.5 standard by the

2019 deadline, or the 8-hour ozone standard by the 2023 deadline. The implications of failure are extraordinary given the health impacts of these pollutants, especially PM2.5.

Attainment of the federal health-based standards will be achievable only if emissions from all sources are aggressively reduced, including those controlled by the federal and state governments. Only a transformational implementation program - a program that will immediately incentivize new technologies and new fuels - will be successful; controls that are based solely on the implementation of best control technologies currently being utilized in the transportation sector will not achieve the needed reductions.

Authority to Regulate

It is recognized that the AQMD holds a unique position, both legally and practically, to influence control of emissions from the goods movement system. Under state law, the AQMD is —

“the sole and exclusive local agency within the South Coast Air Basin with the responsibility for comprehensive air pollution control, and it shall have the duty to represent the citizens of the basin in influencing the decisions of other public and private agencies whose actions might have an adverse impact on air quality in the basin.” (Ca. Health & Safety Code § 40412)

Further, AQMD has specified authorities for indirect source controls (“facility, building, structure, installation, real property, road or highway which attracts, or may attract, mobile sources of pollution.”), operational limit controls for non-vehicular sources, sulfur fuels limit controls for non-road engines, and other authorities for non-vehicular sources. As is discussed below, the federal Clean Air Act also authorizes air quality plans to include economic incentive provisions. Other government entities may also be able to implement such measures.

Using these existing and potentially additional authorities, AQMD (or other government entities) could promulgate an alternative control strategy based on economic incentives which would complement the existing command and control rules and other regulations of mobile sources to achieve the additional emission reductions necessary to demonstrate attainment of the existing and upcoming ozone and PM2.5 standards.

Fee and Incentive Mechanisms

The purpose of an economic incentive strategy would be the attainment of the ozone and fine particulate standards and the improvement of public health in communities impacted by the goods movement sector as well as enhancing the efficiency and performance of the goods movement system. One intention of such a strategy is to incentivize the development of cost-effective strategies, including the development and deployment of transformative technologies. If the region is to meet the existing and future NAAQS as well as the greenhouse gas reduction benchmarks set forth in AB32, it is imperative that we develop a new paradigm for generating the investments necessary to develop and deploy transformative fuel and vehicle/engine technologies.

The federal Clean Air Act contains an implementation framework that could enable a region to resolve a challenge of this magnitude and significance. Section 7410(2)(A) provides additional approaches to achieve standards that could address the challenges that the South Coast faces.

The federal Clean Air Act 42 U.S.C.A. Section 7410(2)(a) states in pertinent part:

"Each implementation plan submitted by a State under this chapter shall be adopted by the State after reasonable notice and public hearing. Each such plan shall--(A) include enforceable emission limitations and other control measures, means, or techniques (*including economic incentives such as fees, marketable permits, and auctions of emissions rights*), as well as schedules and timetables for compliance, as may be necessary or appropriate to meet the applicable requirements of this chapter." (Emphasis added.)

Thus, the federal statute authorizes states and regions to use fees and other market mechanisms. Properly defined, these approaches will act as incentives to implement the transformational programs and initiatives that will be needed to generate the required emission reductions.

Strategy and Implementation Framework

The strategy would set emission reduction targets for all sources of the freight movement systems and use a pricing structure to incentivize the reductions. For example, airplane landing or ship docking fees could be based on emission levels which would incentivize the use of cleaner engines. The fees would then be used to obtain emission reductions from these or, potentially, other sources.

The expectation is that this strategy would expedite the use of advance technologies in the near-term (e.g., advanced controls for marine vessels and locomotives such as SCR and diesel particulate filters) and ultimately modify or replace the existing diesel-powered goods movement systems in the longer-term (e.g., non-diesel powered dedicated freight guideway systems).

The program would be designed to complement other air quality programs, and would augment and work in concert with programs being developed by the ports and the state legislature (e.g. SB 927, Lowenthal). The program could be implemented by the AQMD, ARB or other entities determined through the development process.

SCAG is willing to work with AQMD on developing pricing/market/incentive mechanisms for goods movement sources (i.e., ships, trains, trucks, and aircraft) through issue papers released for public review and comment. Based on the public vetting of this approach to emission control and infrastructure improvement, the mechanism could potentially be developed as a transportation measure similar to the proposed goods movement control measures and included as part of the 2007 Regional Transportation

Plan. If approved by the Regional Council, these measures could be presented to AQMD and ARB for incorporation into the SIP.

REPORT

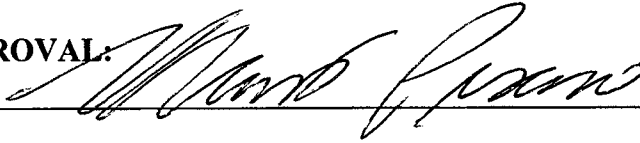
DATE: October 4, 2007

TO: Executive Committee
Regional Council

FROM: Debbie Dillon, Human Resources Manager, 213-236-1870
dillon@scag.ca.gov

SUBJECT: Merit Pay Program

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTIONS:

The Personnel Committee acted on June 21, 2007 to recommend the following actions:

- Approve completion of merit pay pilot status
- Approve 1% increase for each merit pay compensation rating category as follows:
 - Meets Expectations 2-4%
 - Above Expectations 5-7%
 - Excels 8-10%

SUMMARY:

On June 7, 2001, the Regional Council approved recommendations contained in the Compensation study conducted by Personnel Concepts, Inc. One component of that study was the recommendation to implement a Pay for Performance Program. The parameters of that study have been the basis for SCAG's performance evaluation process and compensation planning during the last four and half years.

Policy direction from the Regional Council in 2001 included applying a Pay for Performance Program to all employees in the senior level positions and above. This included executive management, managers, supervisors, leads, and seniors. All other employees were to stay on the current compensation system until a later date. To assist in the implementation of the Pay for Performance Program, a new performance evaluation process was implemented during fiscal year 2002/2003.

In November 2003 the Personnel Committee received a report on the status of the program and information that staff expected to recommend an extension of the program to the rest of the staff in June 2004.

In April 2004 the Personnel Committee received a status report and a staff recommendation to extend the Pay for Performance program to all employees for a two-year pilot period. The Personnel Committee provided input and recommended to the Administration Committee and the Regional Council in May 2004 to extend the two-year pilot program to all staff effective July 2004.

REPORT

The Regional Council approved the Merit Pay two-year pilot program in July 2004 and requested periodic updates.

In July 2004 all employees were evaluated and compensated under the Merit Pay pilot program.

In October 2004, May 2005, October 2005, and October 2006 program status reports were provided to the Personnel Committee.

In December 2006, the Regional Council acted to recommend that the pilot program be extended through July 2007 to allow further refinements to the program.

BACKGROUND:

SCAG staff receives compensation adjustments only through the Merit Pay Program. The percentage increases per rating category, as approved by the Regional Council in 2001, are as follows:

Evaluation Rating	Percentage Adjustment
Excels	7-9%
Above Standards	4-6%
Meets Standards	1-3%
Needs Improvement or Unsatisfactory	0

SCAG staff does not receive cost of living adjustments and they do not receive step increases. The salary ranges may be adjusted annually if they are determined by a salary survey to no longer be at the Regional Council approved level of the 75th percentile. Only those employees that fall below the new bottom of the range are adjusted at the time of a range change. A salary survey is conducted annually to determine if adjustments are necessary. Any suggested changes to the ranges are provided to this committee prior to implementation.

EVALUATION RATING STATISTICS & SALARY ADJUSTMENTS:

The evaluation rating statistics and applicable salary adjustments are listed on the following page. The Excels and Needs Improvement rating categories have remained relatively constant for each year. While the Above Standards category has gradually increased and the Meets Standards category has gradually decreased. This is reflective of the performance of the organization as a whole, in that it has improved in the last four and a half years. Additionally, the quality of staff being hired has improved and employees have a better understanding of performance expectations based on the program.

In July 2003, employees below the senior level were eligible for a 3% or 0% salary adjustment based on the prior evaluation system. In July 2004, all employees became eligible for the Merit Pay program.

REPORT

In all years of the program, employees who are at the top of the salary range received a lump sum equivalent to the percentage that was over the top salary range. Effective in July 2006, these lump sum payments are counted by CalPERS as part of an employee's eligible compensation. This became effective with the lump sum payments in July 2006.

EVALUATION RATING STATISTIC & SALARY ADJUSTMENT TABLE

Rating Scale	7/2003 Ratings	7/2003 % Increase	7/2004 Ratings	7/2004 % Increase	7/2005 Ratings	7/2005 % Increase	7/2006 Ratings	7/2006 % Increase	7/2007 Ratings	7/2007 % Increase
Excels	17/17%	8%	13/13%	7%	11/12%	7%	10/13%	7%	11/13%	9%
Above	23/22%	5%	31/31%	5%	35/38%	5%	35/44%	5%	36/42%	6%
Meets	59/57%	3%	51/51%	3%	43/37%	3%	32/40%	3%	37/44%	3%
Needs Improvement	4/4%	0	6/6%	0	2/2%	0	3/4%	0	1/1%	0
Unsatisfactory	0	0	0	0	0	0	0	0		0
TOTAL **	103	--	101	--	91	--	80	--	85	--

* Employees below Senior Level received 3%; all-other employees eligible for more than 3%.

** Excludes Probationary Employees

Average overall salary increase for fiscal years 2002/2003, 2004/2005, 2005/2006, 2006/2007 were 3.64%, 4.30%, 4.10% and 5.11% respectively.

Performance evaluation and performance management training was provided in November 2004, May 2005, spring 2006 and November 2006 for all management/supervisory employees. The current review cycle is in the final stages of completion this month.

REVIEW PROCESS:

Each staff evaluation is reviewed by the chain of command through the Executive Director and includes review by the Human Resources Manager and the Deputy Executive Director prior to the evaluation being finalized and issued to the employee. The Executive Director, Deputy Executive Director and Human Resources Manager review the evaluation content against the rating to ensure consistency in the rating criteria application to the performance of the individual. This is a rigorous and time consuming process that provides coaching and feedback to the rater on areas that need more substantiation to support the rating given. The rater is informed that they must either provide substantiation with specific examples to support the rating or they must change the rating because it is not justified. Rate inflation is closely managed through this process.

REPORT

We are continually improving the process and continue to refine the linkage between the employee performance agreement, professional development goals, the mission statement, values statement and the rating criteria. We are updating the performance agreement and the performance evaluation forms for FY 07/08 to incorporate the April 2007 SCAG Values Statement and input received from managers and directors. After more than four years of using a standardized evaluation form and process, we are experiencing improvements in the overall performance of the organization and the staff. The rating distribution is a good indicator of the performance of the organization as a whole. We determine the success of the program based on the rating statistics, the content of the written evaluations, and the effectiveness of performance management on improving staff performance.

Starting in July 2008, managers will have the discretion to recommend varying levels of pay within the same rating category for their staff. During the pilot status, we applied a fixed percentage in each rating category for the given level of performance. Now that the program is more sophisticated and the evaluators are more experienced, they will be provided with more discretion in recommending pay. For example, a manager with four employees rated as overall Meets Expectations but whose performance varies within the Meets category can recommend between 2-4% per employee depending on their performance level within the category. During the pilot status, all employees whose performance was rated as Meets Expectations received the same merit payment amount regardless of the level of performance within the Meets category.

CONCLUSION:

We are requesting completion of the pilot status of the program based on the program's effectiveness over the last four and half years and because of the importance of the program. The program greatly enhances the quality and quantity of work and the performance management of the organization. The organization has benefited from implementing the system agency wide and will continue to benefit from the program as it evolves and is continuously improved.

We are requesting an additional 1% for each merit pay compensation rating category based on our experience with salary administration practices. A separate study was conducted by Human Resources to determine methods to improve SCAG's ability to attract and retain employees. This study was covered more thoroughly in the information item on Salary Administration Revisions that was approved at the July 12, 2007 Administration Committee and Regional Council meeting. However, in summary, this is an additional component that will assist SCAG in attracting and retaining high quality employees.

FISCAL IMPACT:

Each year SCAG applies the merit pay amounts within the established range based on the rating distribution and budget availability. It is anticipated that the next round of ratings will follow a similar pattern and that adequate funds are budgeted to cover the requested increase of 1% at the top of each range. SCAG will still retain the discretion to withhold the upper ends of the range if budget is not available to cover the rating distribution.

REPORT

Reviewed
by:



Division Manager

Reviewed
by:

Department Director

Reviewed
by:



Chief Financial Officer

MEMO

DATE: September 20, 2007

TO: Executive Committee

FROM: Sylvia Patsaouras, Interim Director of Government and Public Affairs
213-236-1806 patsaour@scag.ca.gov

SUBJECT: Policy Committee Chair Staff Support

BACKGROUND:

The issues that face our Policy Committees are numerous and increasingly complex. The Executive Committee has requested SCAG staff to propose a plan for supporting the Chairs of the Administration; Community, Economic & Human Development; Energy & Environment; and Transportation & Communications committees.

The primary support for the committees has come from the lead committee staff: the CFO, the Planning & Policy Managers and the administrative support staff assigned to the four committees. They coordinate with the Chairs; discuss technical issues that are pertinent to the committee; do future planning; and address any other related items that might arise. The Administrative Assistants prepare the agenda packets, meeting minutes and other correspondence to the committee members. The Directors and the Executive Director are available to the Chairs and would provide back-up to the Managers when necessary.

ADDITIONAL STAFF SUPPORT ALTERNATIVES

Alternative #1

- The Member Relations Officer in the subregion of each Chair could provide them support on a day-to-day basis. They could act as liaison between them, SCAG staff and regional partners as appropriate. Tasks could include information gathering, communications, and any other necessary tasks. They could take the lead on special meeting logistics including facilities location, meeting reminders/announcements, possible teleconferencing and videoconferencing set-ups, audiovisual needs, food & beverage, and any other items needed. They would work closely with the lead committee staff. The Manager of Member Relations would back-up the Officers.

Advantages: This option would provide four people to directly support the Chairs assuming each Chair is from a different sub region. Continuity of support would occur. The positions are already budgeted.

Disadvantages: This option would add to that staffs workload.

Alternative #2

- Add a Senior Administrative Assistant position that would be dedicated to the Chairs on a part-time or full-time basis. This position would be responsible for acting as a liaison between the Chairs and SCAG staff and regional partners. The position would provide the same basic functions of Alternative 1.

MEMO

Advantages: There would be a dedicated person to work with the Chairs on their particular needs and provide continuity from year to year.

Disadvantages: The cost of a new staff person.

Alternative #3

- The Chairs would hire a consultant who would be dedicated to the Chairs on a part-time or full-time basis. The position would carry out the same basic assignments.

Advantages: This would be a dedicated position. If the Chairs were not satisfied with performance, it would be easier to change contractors.

Disadvantages: The cost of the consultant contract. Going out to bid on a new contract each year might cause a loss of continuity; however, this could be overcome with a multiyear contract.

In addition to whichever option you decide, the primary staff to each committee will:

1. Set a regular meeting time with the Chair. Also set the amount and type of additional communication the Chair wants.
2. Be empowered to represent the Chair's viewpoint on agenda content and length of meeting needed.
3. Send weekly e-mail updates to the Chairs on policy issues under the purview of the committee.
4. Hold a standing meeting with the President's dedicated staff member for SCAG to coordinate information.
5. Assist the Chairs in a yearly planning session to set priorities for the year.

FISCAL IMPACT:

There would be no direct fiscal impact under Alternative #1.

There would be a financial impact of a part-time or full-time Senior Administrative Assistant or consultant under Alternatives #2 and 3.

Reviewed by:

Division Manager

Reviewed by:

Department Director

Reviewed by:

Chief Financial Officer

REPORT

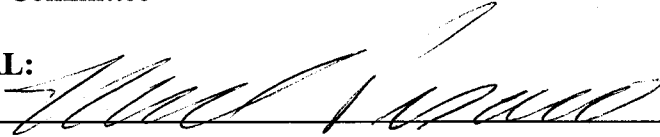
DATE: October 3, 2007

TO: Executive Committee

FROM: Donald A. Rhodes, Manager, Legislative Affairs, (213) 236-1840, rhodes@scag.ca.gov

SUBJECT: Proposed SCAG Legislative Committee

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION:

Authorize the creation of the SCAG Legislative Committee.

BACKGROUND:

Members

Either (1) the Executive Committee meeting at dedicated times as a legislative committee or (2) a separate legislative committee

Meetings

- At least once a month – additional conference calls may be needed. The meetings would be attended by SCAG senior management and legislative staff, and, usually by conference call, by SCAG state and federal lobbyists who will provide updates and advice as needed. The lobbyists, by contract, are required to make two oral reports to the committee and the Regional Council each calendar year.

Duties

- Oversee formulation and content of Legislative Program in fall of each year.
- Provide direction (including message content, dates, participants, etc.) on SCAG consensus and advocacy trips to Washington, D.C. and Sacramento.
- With input from senior management, legislative staff and other SCAG staff as needed, and members of the policy committees and the Regional Council, select bills to include in legislative matrix for policy committee and RC.
- With input from senior management, legislative and policy staff and members of SCAG task forces, policy committees and the Regional Council, select bills to present to policy committees including suggested positions. Policy committees and the Regional Council would take final positions on bills and may, as is current practice, select legislation for consideration. Existing practice, as outlined in the SCAG legislative protocol, relating to workshops on legislation for policy committees, would continue.
- Guide the course of action for legislative advocacy for bills on which the SCAG Regional Council has taken a position. The Legislative Protocol now outlines a process. This proposal would require a modification to the adopted protocol and SCAG Policy Manual.

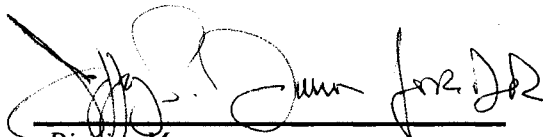
REPORT

- Make decisions on bill positions and levels of advocacy when time constraints or other consideration preclude a Regional Council hearing and approval for the SCAG position. Bill positions made in these cases would be reported to the following meeting of the Regional Council for ratification. Under existing legislative protocol these decisions may be made by the Executive Director upon consultation with the President.
- Provide guidance on the annual renewals of the state and federal lobbyists' contracts and serve as the screening panel for the selection of new state and federal lobbyists firms.


FISCAL IMPACT:

All work related to this information item is contained within the adopted FY 07/08 budget, WBS# 08-810.SCGS1.

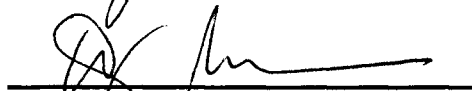
Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer